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Upon Adjournment of Session – Room 113**

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II. California Community Colleges

1. Basic Aid Districts – Excess Property Taxes.

The Governor's Budget proposes \$10 million in General Fund reductions by recapturing excess property taxes from between four and six community college basic aid districts whose property tax revenues exceed their per full-time equivalent student (FTES) apportionment. Current law allows these districts to keep this excess revenue and not suffer a General Fund reduction of a like-amount. However, the Administration believes that this reduction is necessary to more broadly and equitably spread the community college budget reductions to all districts in the coming year.

Staff notes that a similar issue related to K-12 Basic Aid districts was heard and acted on by this committee on Monday March 10, 2003. Unlike K-12 education, community college districts do not receive a minimum per student allocation from the state (in K-12, each district receives \$120 per student). As a result, the only issue before the committee today is whether or not to offset \$10 million worth of excess property taxes held by the community college basic aid districts with General Fund reductions to categorical programs in the same amount.

Governor's Proposal. Under the Governor's proposal, each basic aid district would contribute a yet-to-be-determined percentage of their excess property tax revenue, for a total combined contribution of \$10 million. Since this proposal is aimed at capturing \$10 million, the actual amount each district pays will depend on the total amount of excess revenue among community college districts statewide and the number of districts that meet the Basic Aid definition in the budget year.

The Administration's proposal assumes that four districts would have excess property tax revenue in the combined amount of approximately \$32 million. More recent estimates peg the amount at closer to \$74 million, with four districts clearly defined as basic aid, and two additional districts that may end up meeting the definition.

Based on the amount of property tax the district would be required to shift, the state would then reduce the level of funding the district receives for various state-funded categorical programs by the same amount.

If the amount of property tax dollars that a district must shift, exceeds the amount of state funding the district receives for various categorical programs, then the

remaining excess property tax dollars would be allocated to other districts within the same county; if there are no other community college districts in the county (or the other districts are also basic aid), then the property tax funds would be shifted to a nearby county that is not defined as Basic Aid, but that serves a significant proportion of the basic aid district's population.

Staff notes that while the LAO does not have a specific recommendation on this community college issue, it did recommend denying the Governor's proposal to capture excess property tax revenues from K-12 basic aid districts due to the severe disruption that would be caused to districts that rely on large property tax revenues. Further, *staff notes* that in many cases, community college basic aid districts, while funded primarily from property tax revenues, receive less funding per FTE – in total – than many other colleges in the state.

In order to conform with actions taken by this committee on K-12 basic aid, staff recommends that the committee take action to deny the Governor's proposal and specify that all parties should continue working on a way to determine how Basic Aid districts will take their proportionate share of the reductions proposed by the Governor.

III. Department of Education

1. Governor's Child Care Realignment Proposal.

The Governor's Budget includes a dramatic proposal to shift responsibility for most of the state's child care programs (excluding the preschool and after school programs) from the California Department of Education to local counties. This action is slated to result in General Fund Proposition 98 savings of \$967.6 million.

Under the Governor's proposal, the state would turn-over its child care programs (as well as a variety of other health and human services programs) to the counties, which are slated to receive approximately \$8.2 billion in revenue from increased taxes to support child care and the other programs proposed for realignment.

Background. Under current law, the state makes subsidized child care services available to: (1) families on public assistance and participating in work or job readiness, (2) families transitioning off public assistance programs, and (3) other families with exceptional financial need.

Child care services provided within the California Work Opportunity and Responsibility to Kids (CalWORKs) program are administered by both the California Department of Social Services and the California Department of Education, depending upon the “stage” of public assistance or transition the family is in. Stage 1 child care services are administered by the Department of Social Services for families currently receiving public assistance, while Stages 2 and 3 are administered by the Department of Education.

Families receiving Stage 2 child care services are either receiving a cash public assistance payment or are in a two-year transitional period after leaving cash assistance. Families receiving Stage 3 child care services have either exhausted their two-year Stage 2 eligibility or are deemed to have exceptional financial need (the “working poor”). Child care services for Stage 3 are divided into two categories: (1) General Child Care - is available on a limited basis for families with exceptional financial need while the (2) Stage 3 Set-Aside - makes child care slots available specifically for former CalWORKs recipients. Under current practice, services to these two populations are supplied by the same group of child care providers; however, waiting lists are kept separate with priority being granted to the former CalWORKs recipients.

The LAO notes a variety of problems and concerns with the current child care delivery system. To summarize, the LAO finds that (1) the current system is unnecessarily complex, (2) administration is cumbersome and expensive, (3) the costs for Stage 3 child care services are growing substantially, (4) the current system treats similar families differently.

Staff notes that while the need for change in the system is evident, and in the long run realignment may be an option to consider, it will be virtually impossible for the Legislature to structurally realign child care services within the coming months.

In order to provide the Legislature with a complete expenditure picture that includes child care, *staff recommends* that the committee take action to reverse the Governor’s realignment proposal with respect to child care (for both child care services and the accompanying State Operations adjustments at the CDE). This action is consistent with changes adopted by the Senate Budget Subcommittee #3 on Health and Human Services.

Staff notes that this action should not be viewed as a move to exempt child care services from budget reductions, and staff encourages the child care field to

continue exploring options for structural change that will result in state General Fund savings.

Further, *staff notes* that budget issues related to the funding of Stage 3 child care services, options for cost-cutting and budget reductions within the system and related CDE state operations issues, will be heard at the committee's hearing on April 28, 2003.

2. Proposed Across-the-Board Reductions & Block Grant Proposals

At the Joint Hearing with the Senate Education Committee on March 19, 2003, this Subcommittee heard brief presentations from both DOF and LAO on the Governor's across-the-board reduction and block grant proposals. At the hearing today, both DOF and LAO will provide more detail via testimony and handouts to the Subcommittee on their respective proposals.

Presentations:

- *LAO Presentation: A Perspective on K-12 Education Budget*
- *DOF Presentation: Overview of Governor's Block Grant Proposal & Categorical Reductions*
- *LAO Presentation: Categorical Reform*

Background on Governor's Proposal: The Governor proposes to consolidate \$5.1 billion for approximately 64 education categorical programs into a single K-12 Instructional Improvement Block Grant in 2003-04. (See Attachment A.) The Governor's block grant proposal excludes approximately 28 programs from the block grant, such as Class Size Reduction, Special Education, and supplemental revenue limit programs (different from base revenue limit programs) that are identified as categorical programs.

The Governor's 2003-04 budget proposes to reduce most education programs by \$1.6 billion below their 2002-03 budget level, as adjusted for SB 18X. (See Attachment B.) This equates to a 13.6 percent reduction for these programs overall.

The 64 categorical programs included in the Governor's proposed block grant would be reduced by \$586 million, or 10.2 percent below their 2002-03 level, and the programs the Governor proposes to continue funding separately would be reduced by \$1,063 million, or 15.5 percent overall. (Most categorical programs take a 12 percent cut; revenue limits receive a 2.15 percent cut.)

Under the Governor's proposal, districts would receive a prorated share of the block grant funding in the budget year – albeit at a reduced level -- based upon funding they received in the current year.

The Governor's proposal would repeal nearly all program statutes and regulations governing the 64 programs in the block grant.

As mentioned above, the Governor's across-the-board reduction proposal also includes a 2.15 percent cut in revenue limits (general purpose, base funding) for school districts and county offices of education.

Background on LAO Proposal: The LAO supports the Governor's \$1.6 billion proposed across-the-board reductions to both revenue limits and categorical programs in the budget year. As indicated above, this includes a 2.15 percent reduction for revenue limits and approximately 12 percent in reductions for most categorical programs.

It should be noted that the LAO does not support the across-the-board reductions, as proposed by the Governor, if the Legislature does not adopt a categorical block grant proposal. If the Legislature does not choose to consolidate categorical programs, the LAO recommends the Legislature make other targeted program reductions to noncore educational services. The LAO has developed a list of K-12 alternative reductions totaling more than \$1 billion – including cuts to reduce or eliminate several categorical programs. (See Attachment C)

With regard to the Governor's proposed block grant proposal, the LAO believes it has merit, but raises serious policy and technical questions. For that reason, the LAO proposes an alternative block grant proposal. The LAO alternative program would consolidate 62 categorical programs into five block grant programs, as summarized below.

LAO Proposed Block Grants

- ***Academic Improvement Block Grant (\$2.8 Billion).*** Combines 22 programs that support staff development, instructional or curricular support, or class size reduction. Funds would be available for wide range of general school improvement activities.
- ***Compensatory and Alternative Education Block Grant (\$1.8 Billion).*** Combines 19 programs that fund supplemental services for low-performing students or alternative education settings. Funds could only be spent on these two purposes.

- **Core Services Block Grant (\$1.4 Billion).** Consolidates 12 programs that support basic district and classroom costs, including instructional materials and deferred maintenance. Funds would support any of the services currently allowed under existing programs.
- **Vocational Education Block Grant (\$335 Million).** Merges 5 vocational education programs that could be used for career counseling, vocational instruction, and vocational components of integrated academic and vocational programs.
- **Regional Support Block Grant (\$31 Million).** Consolidates 6 existing county office administered programs that provide technical assistance or coordination of services. Funds would support regional support services as needed by local districts.

The LAO block grant proposal includes several categorical programs -- such as Class Size Reduction and Summer School -- which were excluded in the Governor's block grant proposal. Similarly, the LAO excludes a few programs included by the Governor such as Adult Education, High Risk Youth and Foster Youth.

3. State Operations

The Governor's Budget proposes a total state operations budget for the California Department of Education (CDE) of \$255.4 million in 2003-04. This includes \$152.4 million in salaries, wages and benefits for 2,340.2 staff positions at CDE -- including State Board of Education staff -- and staff working at the state special schools and diagnostic centers. In addition, this amount includes \$103.0 million for operating expenses and equipment.

Of the \$255.4 million in state operations funding for CDE, \$120.0 million (47 percent) is covered by Federal dollars and \$101.8 million (40 percent) is covered by General Fund dollars. The remaining \$33.6 million (13 percent) is covered by various special funds and reimbursements.

In 2003-04, the Governor's Budget proposes to reduce state operations funding for the California Department of Education by approximately \$16 million, which reflects a net reduction of 309.2 positions and reductions to several categories of operating expenses, including a 75 percent reduction in out-of-state travel.

As proposed by the Governor, reductions to CDE state operations fall into three major categories: (1) general reductions developed in response to the state current budget shortfall (27.2 positions/\$6.3 million); (2) reductions associated with the

Governor's proposed Child Care Realignment proposal (82 positions/\$2.7 million); and (3) personnel reductions associated with the Governor's proposed Categorical Block Grant (97 positions/\$6.7 million).

Workload Adjustments in 2003-04	Positions	Funding
General Reductions	-27.2*	
Child Care Realignment Reductions	-82.0	
Block Grant Proposal Reductions	-97.0	
<i>Subtotal, Adjustments</i>	<i>206.2</i>	<i>-\$11,558,000</i>
Proposed New Positions	4.0	\$201,000
Vacant Positions	-107.0**	-\$4,673,000
<i>Total Adjustments</i>	<i>-309.2</i>	<i>\$16,030,000</i>
<i>Total Positions</i>	<i>2,524.4</i>	<i>\$136,765,000</i>
<i>Total Positions, Minus Salary Savings</i>	<i>2,340.0</i>	<i>\$152,438</i>

* Reflects net reduction involving a reduction of 36.2 positions tied to proposed state operations cuts and an increase of 9.0 additional limited-term positions.

** Implemented in 2002-03 pursuant to Control Section 31.60

As indicated earlier in the agenda, CDE state operations reductions that are linked to Child Care will be heard at the Subcommittee's hearing on April 28, 2003, when these issues are more fully discussed. Reductions tied to the Governor's Categorical Block Grant proposal will also be discussed at a future hearing of the Subcommittee to conform to action on that proposal or possible alternative proposals.

The remaining reductions to CDE's state operations budget, as proposed by the Governor, total \$6.3 million. This amount includes a net reduction of 27.2 positions and a number of operating expense items such as out-of-state travel, program evaluations and studies, audits and tests. These items are summarized by the following table.

2003-04 Proposal	Amount	Positions
Item 6110-001-0001		
Eliminate 9 Healthy Start positions and field office	-2,000	-9
Eliminate one of two Chief Deputy Superintendent Offices	-625	-5
Reduce state match for Federal Perkins vocational education state administration funds	-365	-4.2
Reduce oversight on the consolidated application process	-210	-3
Eliminate 3 positions in the Awards unit	-278	-3
Eliminate 2 positions supporting CalSAFE	-382	-2
Reduce staffing in the Governmental Affairs Office	-125	-2
Eliminate position supporting International Baccalaureate	-68	-1
Eliminate support for Teaching as a Priority Block Grant	-90	-1
Reduce support for district reorganization analysis by State Board of Education	-200	-1
Reduce support for the K-3 Class Size Reduction Program	-80	-1
Eliminate support for High School Exit Exam Workbooks	-107	-1
Eliminate support for Assessments in Career Education (ACE) Exams	-106	-1
Eliminate position supporting Academic Improvement & Achievement Act (AIAA)	-85	-1
Eliminate 1 position supporting Gang Risk Intervention Program (GRIP)	-150	-1
Reduce analysis of district Gann limits and mandates	-209	0
Reduce out-of-state travel by 75%	-154	0
Reduce technical assistance for education technology	-187	0
Transfer CSIS oversight to county office of education	-150	0
Reduce support for High Risk Youth	-67	0
Eliminate funding for physical fitness testing report	-50	0
Reduce funding for high risk child care audits	-150	0
Reduce funding for the Math and Reading Professional Development Program evaluation (State Board of Education)	-200	0
Reduce administrative support for State Board of Education	-52	0
Total	-6,090	27.2
6110-013-0001		
Eliminate contracted audit resources	-245	0
Total CDE State Operations Items, 2003-04	-6,335	27.2

In response to the growing budget shortfall, the Department of Finance solicited various reduction plans from state departments and agencies in building the proposed 2003-04 budget. The reductions above generally reflect these suggestions. However, according to CDE, there are some items on the list that they did not offer to DOF. Also, CDE and DOF continue to have some differences in reconciling positions and dollars associated with these reductions.

In addition to these reductions, the Governor proposes four new positions totaling \$201,000. Three of these positions are tied to data management functions related to No Child Left Behind. The remaining one position is required by Chapter 1128/2002, which established the Education Audits Appeal Panel.

III. Office of the Secretary for Education

The Secretary of Education, a member of the Governor's Cabinet, is responsible for advising the Governor and making recommendations on state education policy and legislation. The Office of the Secretary for Education (OSE) administers several education programs, including the Academic Volunteer and Mentor Service Program, the Governor's Reading Award Program.

For the current fiscal year, the costs of the OSE are funded through the Governor's Office of Planning and Research pending legislation to establish the Secretary statutorily.

The Governor proposes total funding of \$6.7 million for OSE in 2003-04. Of this amount \$1.7 million is appropriated for state operations to fund 20.0 staff positions and operating expenses and equipment. In addition, the Governor proposes \$5.0 million for the local assistance programs administered by OSE.

The Governor's budget proposes \$3.4 million in reductions to OSE in 2003-04, including:

- \$1.1 million in General Fund savings for state operations from reducing 8.0 positions at OSE;
- \$2,000,000 in General Fund (Prop 98) savings for local assistance from eliminating the School-to-Career Technology Grant Program; and
- \$474,000 in General Fund (Prop 98) savings for local assistance from reducing funds for the Academic Volunteer and Mentor Service Program.

The specific staff reductions (8 positions/\$1.1 million) proposed by the Governor for OSE in 2003-04 are summarized below. These proposed cuts would reduce staffing from 28 to 20 positions in 2003-04 -- a 29 percent reduction in staff at OSE:

<u>#</u>	<u>Classification/Function</u>
1.0	Senior Assistant to the Governor <i>Function: Undersecretary for Education</i>
1.0	Assistant to the Governor <i>Function: Senior policy advisor to the Governor</i>
1.0	Senior Project Analyst <i>Function: Coordinating analyst on issues involving higher education</i>
1.0	Administrative Assistant II <i>Function: Communications support</i>
1.0	Senior Intergovernmental Program Analyst <i>Function: K-12 analyst & program manager for School-to-Career program</i>
1.0	Assoc. Intergovernmental Program Analyst <i>Function: Academic Volunteer & Mentor caseload and program oversight</i>
1.0	Asst. Intergovernmental Program Analyst <i>Function: Academic Volunteer & Mentor caseload and program oversight</i>
1.0	Office Technician <i>Function: Office reception and clerical support</i>

With regard to local assistance programs at OSE, the Governor proposes to eliminate the School-to-Career Technology Grant Program, which would result in savings of \$2.0 million. This program was established by AB 1873 (Chapter 793/2000) as a competitive matching grant program to local entities. The program is a collaboration among OSE, CDE, the community colleges, and the Health and Human Services Agency.

The Governor signed AB 1873 with the caveat that funding would continue only if matching funds from the private and non-profit sectors exceed state funds.

The Governor also proposes a reduction of \$474,000 to the Academic Volunteer and Mentor Service Program. Under this program, university students offer tutoring services to 20,000 at-risk children and youth. This reduction is tied to across-the-board reductions for selected categorical programs proposed by the Governor in 2003-04. This program is not included in the Governor's proposed Instructional Improvement Block Grant in 2003-04.

The LAO recommends that the Legislature eliminate funding for the Academic Volunteer Mentor Service Program due to the existence of other state and federal programs that provide similar program services. This would result in savings of \$5 million in 2003-04.

The Subcommittee will discuss both of these local assistance issues further at a future hearing when the Subcommittee considers action on the Governor's K-12 across-the-board reductions. Reductions in OSE positions (state operations) should conform to local assistance actions for the agency.

Attachment A

Programs Included in the Governor's K-12 Instructional Improvement Block Grant

Academic Improvement and Achievement	Institute for Computer Technology
Administrator Training	Instructional Materials Block Grant
Adult Education	International Baccalaureate
Adults in Correctional Facilities	Inter-segmental Staff Development
Advanced Placement Fee Waivers	Local Arts Education Partnership Grants
Advanced Placement Teacher Training	Miller-Unruh Reading
Agricultural Vocational Education	National Board Certification Incentives
American Indian Education Centers	Native American Indian Education
Apprentice Program	Opportunity Programs
Beginning Teacher Support and Assessment	Partnership Academies
Bilingual Teacher Training	Peer Assistance Review
California Association of Student Councils	Pupil Residency Verification
California School Age Families Education	Reader Services for the Blind
Center for Civic Education	ROC/Ps
Charter School Categorical Block Grant	Safety - Conflict Resolution
Charter School Facilities Grant Program	Safety -Partnership Mini-grants/Safe School Planning
Child Nutrition Breakfast Startup	Safety Plans for New Schools
Class Size Reduction (9 th Grade)	Safety -Schools Community Policing
Community Day Schools	Safety -Schools Community Violence Prevention
Deferred Maintenance	SAT College Prep Partnership
Dropout Prevention	School Improvement
Early Intervention for School Success	School Library Materials
Economic Impact Aid	School Safety Block Grant
Educational Technology	Small School District Bus Replacement
Elementary School Intensive Reading Program	Specialized Secondary Program Grants
English Language Acquisition Program	Staff Development Day Buyout
Foster Youth Programs	Supplemental Grants
Gang Risk Intervention	Targeted Instructional Improvement Grant
Gifted and Talented	Teacher Dismissal Apportionment
7 th & 8 th Grade Math Academies	Teacher Recruitment Centers
High Risk First Time Offenders	Teaching As A Priority Block Grant
Home to School Transportation	10th Grade Counseling

Programs Excluded from the Block Grant

<u>Core Instruction & Accountability System</u>	(continued)
Class Size Reduction (K-3)	Mathematics Initiative for Teaching (CTC)
County-administered Community Schools,	Pre-Internship Teaching Program (CTC)
Community Day Schools and Opportunity Programs	Paraprofessional Teacher Training Program (CTC)
High Priority Schools Grant Program (HPSGP)	Prop 227 (Initiative Mandate)
Immediate Intervention/Under-performing Schools (II/USP)	Teacher Assignment Monitoring (CTC)
Sanctions	
Special Education	<u>Discontinued in the Future</u>
Student Assessment Testing	Mathematics & Reading Professional Development
Summer School Programs	Principal Training Program
	Year-Round Schools
<u>Stand-Alone (Limited &/Or Distinctive Nature/Administration)</u>	<u>Non Proposition 98</u>
Academic Volunteer Mentor Program (OSE)	Advancement via Individual Determination
Alternative Certification Program (CTC)	American Indian Education Centers
At Risk Youth	Vocational Education Student Organization
California School Information Services Project (CSIS)	
Child Development (Preschool and Before/After-school)	
Child Nutrition	
County Offices of Education Fiscal Oversight	
Education Mandates	

Attachment B
K-12 CATEGORICAL PROGRAMS, 2003-04 Governor's Budget
Compared to 2002-03 Revised
(\$ in Thousands)

Department of Finance
March 2003

Attachment B
K-12 CATEGORICAL PROGRAMS, 2003-04 Governor's Budget
Compared to 2002-03 Revised
(\$ in Thousands)

	2002-03 Revised (SB18X)	2002-03 to 2003-04 Governor's Budget	2003-04 Governor's Budget Block Grant	2003-04 Governor's Budget Separately Funded
Opportunity Programs	2,611	-12.0%	2,298	0
Pre-Internship Teaching Program (CTC)	11,800	-1.1%	0	11,665
Paraprofessional Teacher Training Program (CTC)	7,200	-1.2%	0	7,115
Partnership Academies	21,671	-6.5%	20,270	0
Peer Assistance and Review	65,271	17.4%	76,611	0
Principal Training Program	0	100.0%	0	26,154
Prop 227/98 (Community Tutoring/English Literacy)	50,000	0.0%	0	50,000
Pupil Residency Verification	162	-12.3%	142	0
Reader Services for the Blind	338	-11.8%	298	0
ROC/Ps	373,181	-8.3%	342,307	0
Sanctions	6,000	-12.0%	0	5,282
School Improvement (1-12) (b)	429,191	-10.1%	385,972	0
School Improvement (1-12) - Deferral (b)	(115,283)	-4.9%	109,640	0
School Law/Enforcement Partnership	11,328	15.6%	13,092	0
School Library Materials	11,629	75.8%	20,448	0
School Safety	82,087	-12.0%	72,261	0
School-to-Career (OSE)	1,784	-100.0%	0	0
Special Education	2,688,773	-1.1%	0	2,658,977
Specialized Secondary Program Grants	5,136	-12.0%	4,521	0
Staff Development Day Buyout	229,667	-12.0%	202,176	0
Student Assessment Testing	102,096	-0.3%	0	101,793
Student Friendly Services	500	-12.0%	0	440
Summer School (d)	424,726	2.8%	0	436,826
Supplemental Grants (b)	241,739	-4.9%	229,906	0
Supplemental Grants - Deferral (b)	(241,739)	-4.9%	229,906	0
Targeted Instructional Improvement Block Grant (b)	737,597	-10.2%	662,352	0
Targeted Instructional Improvement Block Grant - Deferral (b)	(184,399)	-4.9%	175,373	0
Teacher Assignment Monitoring (CTC)	350	-1.1%	0	346
Teacher Dismissal Apportionment	40	-10.0%	36	0
Teacher Recruitment Centers	9,400	-12.0%	8,275	0
Teaching As a Priority Block Grant	88,650	-12.0%	78,038	0
Tenth Grade Counseling	11,443	-12.0%	10,073	0
Voc Ed Student Organizations (non-P98)	562	0.0%	0	562
West Contra Costa Facilities	800	0.0%	0	800
Year Round Schools	84,147	-33.1%	0	56,276
Total Categorical Programs, 2002-03 Revised (b)	\$11,923,257		\$5,728,487	\$6,866,560
Total Categorical Programs, 2003-04 Proposed (b)	\$10,298,080		\$5,142,451	\$5,803,295
Total Change from 2002-03 to 2003-04	\$1,625,177		\$586,036	\$1,063,265
Percent Change	-13.6%		-10.2%	-15.5%
Total Governor's Budget Block Grant (e)	\$5,142,451			

Explanatory Notes

- (a) Includes State Preschool and Before & After School Programs. The 2003-04 level reflects the proposed child care realignment.
- (b) Funding earned in several programs in 2002-03 was deferred to 2003-04, pursuant to Chapter 1167, Statutes of 2002. The deferred amounts are \$115,283 for School Improvement, \$184,399 for Targeted Instructional Improvement Block Grant, \$139,579 for Home-to-School Transportation, and \$241,739 for Supplemental Grants. For comparison purposes, the deferred funds are reflected in the total for categorical funding in 2002-03 (the year earned) rather than 2003-04 (the year appropriated).
- (c) 2002-03 reflects a deferral of \$122,023 for payments to be made in future years, pursuant to SB18X.
- (d) 2002-03 reflects a reduction of \$25,000 due to lower than anticipated program participation, pursuant to SB18X.
- (e) The Governor's proposed block grant includes \$647,666 deferred from 2002-03 to 2003-04 for the School Improvement Program, Targeted Instructional Improvement Block Grant, Supplemental Grants and Home-to-School Transportation. The amounts deferred were included in the proposed across-the-board reductions.

Attachment C

Selected LAO Budget Options Proposition 98 Spending Reductions (in millions)

Department/Program	2003-04
Staff Development Buyout Days - Suspend funding for one year	\$ 202.0
Mathematics & Reading Professional Dvlpt. Program - Eliminate funding	27.9
Principal Training Program - Extend over next several years	28.7
Administrator Training And Evaluation Program – Eliminate funding	4.7
Peer Assistance and Review - Eliminate funding	76.6
Advanced Placement Challenge Grant Program - Sunset one year early	3.2
National Board Certification Program – Eliminate additional commitments	-
Teacher Recruitment Centers - Eliminate program	8.3
Year Round Operations Grant Program – Phase out over next two years	14.2
Charter School Facilities Grant Program – Eliminate funding	2.3
K-3 Class Size Reduction - Change ratio to 22 to 1 for high-income schools	219.0
College Preparation Partnership Program - Eliminate funding	4.8
Local Arts Education Program - Eliminate funding	5.7
Miller-Unruh Reading Program - Eliminate funding	25.5
School Improvement Program - Reduce funds by 20 percent	85.8
Civic Education - Eliminate program	0.3
County Offices of Education - Do not fund growth in county apportionments	22.3
Elementary School Intensive Reading Program – Eliminate program	26.9
At Risk Youth (Angel Gate Academy LAUSD) – Eliminate funding	0.6
Intensive Algebra Instruction Academies – Eliminate program	11.2
Gifted and Talented Education (GATE) – Suspend the program for one year	49.8
School Law Enforcement Partnership – Eliminate program	13.1
Statewide Education Technology Services – Eliminate program	2.3
Gang Risk Intervention Program - Eliminate program	2.9
School Library Materials - Suspend program for one year	20.4
Institute for Computer Technology - Eliminate state funding	0.5
California Technology Assistance Project - 10 percent reduction in funding	1.3
Deferred Maintenance - Suspend funding for one year	181.0
9th Grade Class Size Reduction - Eliminate funding	97.0
Total	1,138.3

Source: *The 2003-04 Budget: Perspectives and Issues*, Report From the Legislative Analyst's Office to the Joint Legislative Budget Committee, 2003, pages 166-168.